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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934

B92-2237

For the quarter ended March 31, 1992

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the period from _____ to _____

BEST COPY AVAILABLE

Commission file number 0 - 13789

Nastech Pharmaceutical Company, Inc.
(Exact name of registrant as specified in its charter)

Delaware	11-2658569
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

129 Oser Ave. Hauppauge, New York	11788
(Address of principal executive offices)	(Zip Code)

PROCESSED BY
MAY 18 1992

(516) 273-0101
(Registrant's telephone number, including area code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

DATE	CLASS	SHARES OUTSTANDING
03/31/92	Common stock - $.002 par value	3,684,991

NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)
March 31, 1992

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION:		Page No.
ITEM 1.	Balance Sheets as of March 31, 1992 and June 30, 1991	1
	Statements of Operations Nine Months and Three Months Ended March 31, 1992 and 1991 Cumulative from inception to March 31, 1992	2
	Statement of Stockholders' Equity Years Ended June 30, 1991, 1990 and 1989, Nine Months ended March 31, 1992	3
	Statement of Cash Flows Nine Months Ended March 31, 1992 Cumulative from July 1, 1988 to March 31, 1992	4
	Statement of Changes in Financial Position Cumulative from Inception to December 31, 1988	5
	Notes to Financial Statements	6 - 11
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	12 - 13
PART II - OTHER INFORMATION		
ITEM 1.	Legal Proceedings	14
ITEM 2.	Changes in Securities	14
ITEM 3.	Defaults Upon Senior Securities	14
ITEM 4.	Subm ssion of Matters to a Vote of Security Holders	14
ITEM 5.	Other Information	14
ITEM 6.	Exhibits and Reports on Form 8 -K	14
	Signatures	15

NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
BALANCE SHEET

ASSETS	MARCH 31, 1992 (UNAUDITED)	JUNE 30, 1991 (*)
CURRENT ASSETS:		
Cash	$439,957	$3,358
Royalties and other receivables	$28,663	$533,805
Accounts receivable	---	$9,728
Inventories	---	$5,000
Prepaid expenses and sundry	$751	$13,815
	$469,371	$565,766
PROPERTY AND EQUIPMENT	$243,407	$243,407
Less: Accumulated depreciation and amortization	$155,574	$138,855
	$87,833	$104,552
OTHER ASSETS:		
Security deposits	$5,613	$5,613
	$562,817	$675,931

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:		
Accounts payable	$424,840	$501,221
Accrued interest payable	$208,429	$186,447
Accrued expenses and sundry liabilities	$262,359	$207,129
Note payable	$2,461	$20,607
Current maturities of long-term debt	$725,752	$606,736
	$1,623,841	$1,522,140
LONG-TERM DEBT - NET OF CURRENT MATURITIES	$959	$125,273
DEFERRED INCOME TAXES PAYABLE	$80,000	$80,000
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock - par value $.002 per share, aurhorized 5,000,000 shares, issued and outstanding 3,684,991 shares at March 31, 1992 and 2,802,638 at June 30, 1991, respectively	$7,370	$5,605
Additional paid-in capital	$5,017,979	$4,869,744
Deficit accumulated during the development stage	($6,167,332)	($5,926,831)
	($1,141,983)	($1,051,482)
	$562,817	$675,931

See accompanying notes to financial statements.

*The Balance Sheet as of June 30, 1991 has been summarized from the Company's audited Balance Sheet as of that date.

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NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)
STATEMENT OF OPERATIONS
(Unaudited)

	Nine Months Ended March 31,		Three Months Ended March 31,		Cumulative from Inception to
	1992	1991	1992	1991	March 31, 1992
REVENUES					
Sales of Patent Rights and Research Information	---	---	---	---	$1,250,000
Sales – Pro-gesic	$20,957	$74,680	$1,345	$19,681	$186,452
License Fee, Royalty and Research Income	$332,418	$135,954	$41,100	$30,988	$1,999,605
Insurance Proceeds	---	---	---	---	$500,000
Interest Income	$12,497	$450	$3,709	---	$293,099
	$365,872	$211,084	$46,154	$50,669	$4,229,156
COSTS AND EXPENSES					
Research and Development	$210,041	$288,785	$72,491	$67,468	$3,249,555
Payments in Lieu of Royalties	$75,000	$75,000	$25,000	$25,000	$850,000
Product and Marketing Costs – Pro-gesic – Net	$65,154	$307,330	$16,397	$29,801	$605,184
	$350,195	$671,115	$113,888	$122,269	$4,704,739
General and Administrative	$169,949	$334,760	$52,329	$73,729	$5,332,575
Interest Expense	$86,228	$60,607	$19,625	$21,201	$279,173
	$606,372	$1,066,482	$185,842	$217,199	$10,316,487
LOSS BEFORE INCOME TAXES	($240,500)	($855,398)	($139,688)	($166,530)	($6,087,331)
DEFERRED INCOME TAXES	---	---	---	---	$80,000
NET LOSS	($240,500)	($855,398)	($139,688)	($166,530)	($6,167,331)
LOSS PER COMMON SHARE	($0.07)	($0.03)	($0.04)	($0.06)	($3.04)
AVERAGE NUMBER OF SHARES OUTSTANDING	3,476,435	2,802,590	3,684,991	2,802,599	2,029,654

See accompanying notes to financial statements.

NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE NINE MONTHS ENDED MARCH 31, 1992
(UNAUDITED) AND YEARS ENDED JUNE 30, 1991, 1990 AND 1989

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance - June 30, 1988	2,349,161	$4,698	$4,458,953	($4,295,570)	$168,081
Stock issued in connection with private placements at $2.00 per share	22,500	$45	$44,955		$45,000
Stock issued for services at $1.49 per share	18,500	$37	$27,463		$27,500
Stock issued for services at $2.00 per share	37,500	$75	$74,925		$75,000
Net loss				($627,066)	($627,066)
Balance - June 30, 1989	2,427,661	$4,855	$4,606,296	($4,922,636)	($311,485)
Stock issued in connection with private placements at $2.00 per share	20,000	$40	$39,960		$40,000
Stock issued in connection with private placements at $2.00 per share	100,000	$200	$99,800		$100,000
Stock issued in connection with exercise of Basil warrant 254,766 shares at $.4875 per share	254,766	$510	$123,688		$124,198
Additional shares issued in connection with reverse stock split	158				
Net loss				($441,733)	($441,733)
Balance - June 30, 1990	2,802,585	$5,605	$4,869,744	($5,364,369)	($489,020)
Additional shares issued in connection with reverse stock split	53				
Net (loss)				($562,462)	($562,462)
	$2,802,638	$5,605	$4,869,744	($5,926,231)	($1,051,482)
Stock issued in connection with private placement at $.17 per share	$882,353	$1,765	$148,235		$150,000
Net (loss) nine months ended March 31, 1992				($240,500)	($240,500)
Balance - March 31, 1992	$3,684,991	$7,370	$5,017,979	($6,167,331)	($1,141,962)

See accompanying notes to financial statement.

NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF CASH FLOWS
(UNAUDITED)

	Cumulative from July 1, 1988 to March 31, 1992	For the Nine Months Ended March 31 1992	1991
OPERATING ACTIVITIES:			
Net loss	($1,871,761)	($240,500)	($855,398)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	$199,410	$16,719	$87,237
Amortization of deferred charges	$108,000	---	$34,875
Abandonment Leasehold Improvements	$44,848	---	---
Issuance of common stock in payment of legal fees	$27,500	---	---
Issuance of common stock in payment of deferred loan costs	$75,000	---	---
Changes in assets and liabilities:			
Royalties and other receivables	$32,462	$505,202	$360,804
Accounts receivable	---	$9,728	$36,449
Inventories	---	$5,000	$4,664
Prepaid expenses and sundry	$27,556	$13,064	$6,342
Accounts payable	$231,484	($76,381)	$103,526
Accrued interest payable	$208,429	$21,982	$56,250
Royalty received in advance	($25,000)	---	---
Accrued expenses and sundry liabilities	$244,979	$55,230	$72,240
Net cash used by operating activities	($697,093)	$310,044	($93,011)
INVESTING ACTIVITIES:			
Capital expenditures	($94,688)	---	---
Other assets	($77,913)	---	$30,588
Net cash used by investing activities	($172,601)	---	$30,588
FINANCING ACTIVITIES:			
Proceeds from loans	$774,901	---	$95,000
Reduction in long-term debt	($113,188)	($23,445)	($22,965)
Proceeds from sale of common stock	$459,198	$150,000	---
Net cash provided by financing activities	$1,120,911	$126,555	$72,035
NET (DECREASE) IN CASH	$251,217	$436,599	$9,612
CASH - BEGINNING	$188,740	$3,358	$6,521
CASH - ENDING	$439,957	$439,957	$16,133

See accompanying notes to financial statements

NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF CASH FLOWS
(UNAUDITED)

	Cumulative from July 1, 1988 to March 31, 1992	For the Nine Months Ended March 31 1992	1991
OPERATING ACTIVITIES:			
Net loss	($1,871,761)	($240,500)	($855,398)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	$199,410	$16,719	$87,237
Amortization of deferred charges	$108,000	----	$34,875
Abandonment Leasehold Improvements	$44,848	----	----
Issuance of common stock in payment of legal fees	$27,500	----	----
Issuance of common stock in payment of deferred loan costs	$75,000	----	----
Changes in assets and liabilities:			
Royalties and other receivables	$32,462	$505,202	$360,804
Accounts receivable	----	$9,728	$38,449
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Prepaid expenses and sundry	$27,556	$13,064	$6,342
Accounts payable	$231,484	($76,381)	$103,526
Accrued interest payable	$208,429	$21,982	$56,250
Royalty received in advance	($25,000)	----	----
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Proceeds from sale of common stock	$459,198	$150,000	----
Net cash provided by financing activities	$1,120,911	$126,555	$72,035
NET (DECREASE) IN CASH	$251,217	$436,599	$9,612
CASH - BEGINNING	$188,740	$3,358	$6,521
CASH - ENDING	$439,957	$439,957	$16,133

See accompanying notes to financial statements

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NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Cumulative From 3/3/83 (Inception) to 12/31/88
Working Capital used for:	
Operations:	
Net Loss	($4,460,960)
Deduct Items not Affecting Working Capital:	
Depreciation and Amortization	$65,642
Deferred Income Taxes	$80,000
Total Used for Operations	($4,315,318)
Acquisition of property and equipment-net	($279,302)
Redemption of Common Stock	($550)
Costs Incurred for Registration of Common Stock held by Underwriter and Stock Option Shares	($48,200)
Increase in Security Deposit	($35,000)
Total Working Capital Used	($4,679,070)
Working Capital Provided By:	
Issuance of Common Stock and Warrants	$4,512,401
Decrease in Working Capital	($166,669)
Changes in Working Capital are Represented By:	
Increase in Current Assets:	
Cash	$39,164
Royalty Receivable	$91,500
Prepaid Expenses and Sundry Receivables	$9,739
	$140,403
Decrease in Current Liabilities:	
Accounts Payable	$283,146
Accrued Expenses and Sundry Liabilities	$23,926
	$307,072
(Decrease) in Working Capital	($166,669)
Working Capital at Beginning of Period	
Working Capital (Deficit) at End of Period	($166,669)

See Accompanying Notes to Financial Statements

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NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)
Notes to Financial Statements (Unaudited)
March 31, 1992

(1) General

The accompanying financial information should be read in conjunction with the financial statements, including the notes thereto, for the year ended June 30, 1991.

The information furnished in this report reflects all adjustments (consisting of only normal recurring accruals) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods.

In addition to the Company's licensing arrangements with the University of Kentucky Research Foundation, the Company has researched a number of drugs independently, for which patents have been applied.

All share and per share amounts included herein have been adjusted to reflect the 1:200 reverse stock split of January 2, 1990.

(2) Long-Term Debt

Long term debt consists of the following at March 31, 1992:

	1991
Loan Payable- Basil Properties due May 3, 1992 with interest at 12.5%	$600,000
Loan Payable- Basil Properties due February 15,1993	120,000
Other	6,711
	$726,711
Less: Amount payable within one year	725,752
	$ 959

On May 3, 1989, Basil Properties (Basil) made a loan to the Company of $600,000. The loan was due the earlier of May 3, 1991 or the closing of a public offering of the capital stock of the Company. As part of the financing, the Company issued to Basil warrants to purchase up to 10% of the Company's outstanding Common Stock.

On May 3, 1991 the Company was unable to repay the loan to Basil. Basil agreed to forbear from declaration of the loan and all accrued interest as immediately due and payable until May 3, 1992.

In consideration of this forbearance on July 17, 1991, Nastech issued a warrant granting Basil a five year right to purchase 200,000 shares of the common stock of the Company at a purchase price of $.125 per share, which price was equal to the fair market value of a share of Nastech common stock on the date of the agreement.

(3) Income Taxes

At March 31, 1992 the Company has net operating loss carryforwards of approximately $6,418,000 for income tax purposes, available to reduce future taxable income, expiring from 1998 through 2006.

The research and development expenditures incurred by the Company through June 30, 1986, are subject to the minimum tax provisions of the Internal Revenue Code. The deferred income tax liability at December 31, 1991 in the amount of $80,000 represents minimum taxes deferred until the Company utilizes its net operating loss carryforwards and obtains the benefit of the deduction of the research and development expenditures.

(4) Commitments and Contingencies

a. Minimum Royalty Payments:

In connection with the license agreement with the University of Kentucky Research Foundation ("UKRF"), the Company is to make royalty payments to UKRF with respect to sales of products covered under the patents licensed to the Company by UKRF. Payment of $25,000 every three months, beginning in December, 1983, must be made in lieu of a minimum royalty under the agreement.

Minimum royalty payments begin twelve months after FDA marketing approval for any product covered under the agreement is received by the Company. The minimum royalty during the first, second and each succeeding year beginning twelve months after FDA approval amounts to $100,000, $300,000, and $500,000, respectively.

In the event there are no unexpired patents licensed to the Company by UKRF covering the manufacture, use or sale of products, then the Company is to pay one half of such royalties and minimum royalties.

b. Leases:

On December 6, 1990, the Company leased office and laboratory space under a three-year lease agreement expiring on December 31, 1993. The following is a schedule of future minimum lease payments:

12 Months Ending March 31, 1992	$31,980
12 Months Ending March 31, 1993	24,820
	$56,800

(5) Joint Venture Agreement

On May 3, 1989, the Company and Basil agreed to form a joint venture on an equal equity basis for the purpose of exercising the exclusive rights to manufacture, distribute or market outside of the United States all pharmaceutical or other products or technology relating to nasal delivery owned by the Company, subject to the Company's existing international contracts.

The agreement provides for Basil to contribute $50,000 in cash as a capital contribution and the Company's capital contribution (valued at $50,000) to be represented by a transfer of its rights, title and interest in and to the manufacture, distribution and marketing outside of the United States of all pharmaceutical and other products and technology owned by the Company relating to nasal delivery.

At December 31, 1990 Nastech's share of accumulated losses of the joint venture amounted to $34,200. Nastech's equity in the joint venture has not been recorded on its books since all costs incurred by Nastech relating to the rights and technology transferred to the joint venture were charged to income incurred.

Basil shall exercise its best efforts to enter into licensing, marketing or other agreements to achieve the purpose of the joint venture.

The agreement provides for covenants not to compete for both parties and provides that Basil will either secure or provide a line of credit for the joint venture of $250,000.

(6) Contractual Agreements

The Company has entered into an exclusive agreement with Rugby for the manufacture, marketing and distribution of certain of the Company's products following FDA approval. The Company is to receive a percentage of net sales after Rugby has recovered certain costs incurred. On June 26, 1987 the Company entered into an agreement appointing Rugby as its exclusive licensee to manufacture, distribute and market propranolol. In consideration for the transfer of the propranolol research and development information, Rugby paid the Company $500,000 as follows: a) $300,000 upon execution of the agreement which was received and recorded as income during the year ended June 30, 1987 and b) $200,000 which was received and recorded as income during the year ended June 30, 1989.

In addition, in consideration of the granting of the exclusive license to the propranolol patents, Rugby paid the Company $100,000 as follows: a) $50,000 upon execution of this agreement which was received and recorded as income during the year ended June 30, 1987 and b) $50,000 which was received and recorded as income during the year ended June 30, 1989. Rugby has also agreed to pay the Company a 7% royalty based on net sales, as defined.

During November, 1985 the Company entered into an exclusive agreement with Nature's Bounty, Inc. under which Nature's Bounty, Inc. will manufacture, market and sell a non-prescription, nasally administered Vitamin B-12 dietary supplement. The financial arrangements include the Company receiving a percentage of net sales of this product.

In January, 1986 the Company licensed to Bristol-Myers Squibb, Inc. its patent to administer the drug butorphanol nasally, which resulted in license fee income of $50,000, $25,000 and $45,000 for the years ended June 30, 1990, 1989, and 1988, respectively. In December 1991, the FDA gave Bristol-Myers Squibb, Inc. approval to market nasal butorphanol. Sales of this product should result in future royalty payments to the company when up.

As part of an agreement dated December 13, 1989, Basil and a group of other investors have given to the Company $300,000 to be used to finance the development, manufacturing, marketing and distribution of a new product "Pro-gesic". At June 30, 1990, the entire amount was used. The product and marketing costs of Pro-gesic in the statement of operations for 1990 are presented net of the $300,000.

The investors will receive 30% of the pre-tax profit from the sale of this product in the first year, 40% in the second year and 50% for each additional year. There was no profit on the sale of Pro-gesic through June 30, 1991 and, therefore, no amount is due to the investors presently.

On March 31, 1990 the Company entered into an agreement with Rugby-Darby Laboratories, Inc. whereby the Company terminated the manufacturing and distribution agreement and sold its patent rights and research information relating to its developmental drug Metoclopramide in nasal delivery form for $700,000. Additionally, the Company is to receive royalties based upon net sales of the product.

Due to the Company's limited liquidity as well as high initial manufacturing costs for Pro-gesic®, management has decided to defer any further marketing activities relating to Pro-gesic® until further notice.

(7) Continued Existence

The financial statements for the nine months ended March 31, 1992 have been prepared on a continuing existence basis. However, the Company incurred a net loss of $139,688 during the nine months ended March 31, 1992; losses cumulative since inception amount to $6,167,331 and its liabilities exceeded its total assets by $1,141,983.

Management is awaiting FDA approval to market and sell several of the nasally administered drugs it has applied for which could result in the Company emerging from its development stage. It cannot be predicted when FDA approval will be forthcoming.

In addition, management is continually exploring ways of obtaining funds through loans or private or public equity financing opportunities.

Management is of the opinion that FDA approval will provide for the Company's commencement of profitable operations. Management believes that should it be able to secure adequate funds through financing opportunities, it will have sufficient resources for the Company to continue in existence until it can emerge from the development stage into a profitable operating entity. However, there is no certainty that FDA approval or such funding will be forthcoming.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operations - Quarter Ended March 31, 1992

During the quarter ending March 31, 1992, the Company continued to conduct the pharmacological research and assemble the technical and reference data required to gain marketing approval from the appropriate federal agencies for four new drug products. The Company's New Drug Application ("NDA") for a therapeutic, intranasal Vitamin B12 which was accepted for filing in February, 1989, is being supplemented with additional clinical data. To date, final approval by the FDA of this and other new drug products being developed by the Company cannot be predicted with any certainty, and no assurance can be given that any product will be approved. Until the Company receives approval to market its drugs from the appropriate governmental authorities, it anticipates having limited operating revenues.

Revenue totaling $41,000 was received by the Company as a result of licensing, royalty and research income.

A portion of the Company's revenues resulted from the continued marketing of the Company's non-prescription Vitamin B12 nasal gel by Nature's Bounty, Inc. However, in a regulatory letter, the FDA requested that Nature's Bounty discontinue the sale of this product contending that it is a new drug rather than a dietary supplement. The Company has been informed that Nature's Bounty, on the advice of its FDA counsel, has responded with a detailed explanation supporting its view that, as a vitamin being marketed for nutritional purposes only, the product is exempt from regulation as a drug. While this dispute is being litigated, the product continues to be sold.

The Company also received approximately $1,345 from the sales of Pro-gesic®, a liquid analgesic developed in the Company's laboratories. Due to the Company's limited liquidity as well as high initial manufacturing costs for Pro-gesic®, management has decided to defer any further marketing activities relating to Pro-gesic® until further notice.

Three Month Period Ended March 31, 1992 Compared With Prior Fiscal Years

As the Company continues to be in the developmental stage, the Company's activities continue to be focused primarily on conducting the pharmacological research and clinical trials in order to gain marketing approval for its first nasal pharmaceutical, its therapeutic intranasal Vitamin B12. As such, comparisons to prior periods are not reflective of any meaningful trends or developments in its operations.

In the quarter ended March 31, 1992, the Company concluded no material transactions involving sales of its intellectual property. Such sales had accounted for a significant portion of revenues in prior periods.

Liquidity and Capital Resources

As of the end of the quarter ended March 31, 1992, the Company had a working capital deficit of $1,154,470. The Company has been able to maintain its operations as a result of substantially reducing its operating costs and the receipt of certain "Key Man" insurance proceeds in August 1991, and the receipt of advance royalties from Bristol Myers Squibb, as set forth above. Further, the Company was also able to retain a forebearance agreement from its principal creditor, Basil Properties.

The Company's continued liquidity for the present fiscal year is subject to the following: receipt of continued royalty and license fee income from existing sources; revenue from the sale of research information; continued reduction of operating costs; continued cooperation by the Company's principal creditor; possible revenues from the marketing of a new drug product, should such product be given marketing approval by the FDA; and/or the receipt of funds raised from an equity financing. However, there is no assurance that any of the foregoing will occur.

NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)
Notes to Financial Statements (Unaudited)
March 31, 1992

Item 1. Legal Proceedings
None

Item 2. Changes in Securities
None

Item 3. Defaults Upon Senior Securities
None

Item 4. Submission of Matters to a Vote of Security Holders
None

Item 5. Other Information
None

Item 6. Exhibits and Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, duly authorized at Hauppauge, New York on the 30th day of March, 1992.

NASTECH PHARMACEUTICAL COMPANY, INC.

BY: _____
VINCENT ROMEO, President
and Chief Executive Officer

BY: _____
JOEL GIRSKY, Director,
Treasurer & Principal Financial And
Accounting Officer